

# VANCOUVER HOUSING MARKET

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January 21, 2008

Canada 

  
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# Vancouver Housing Update

- ✓ Economic and Demographic Drivers
- ✓ Resale Market
- ✓ New Home Construction
- ✓ US Sub-Prime vs Canada



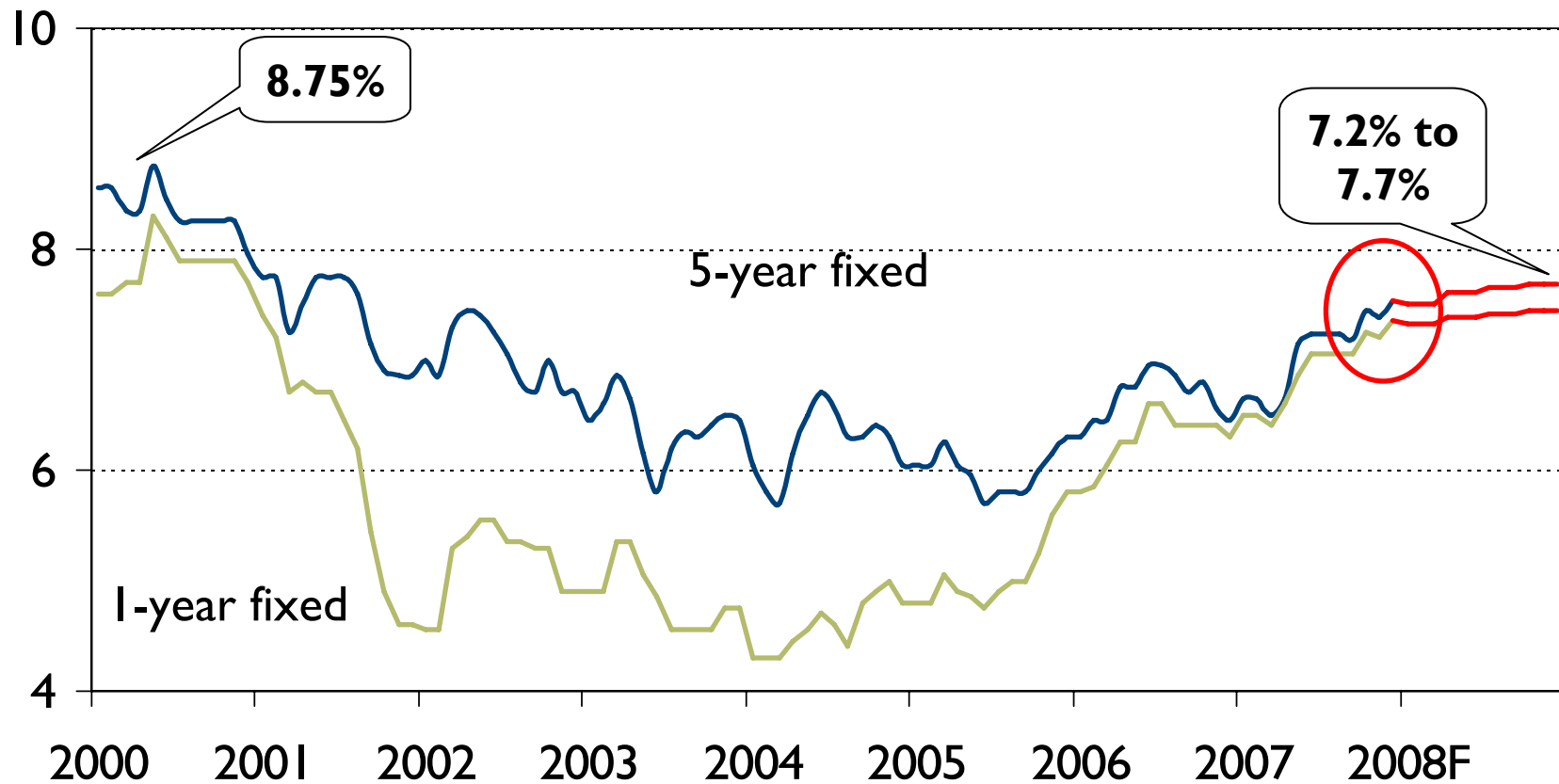
# DRIVERS OF HOUSING DEMAND

- Low Mortgage Rates



# Mortgage Rate Outlook Flat

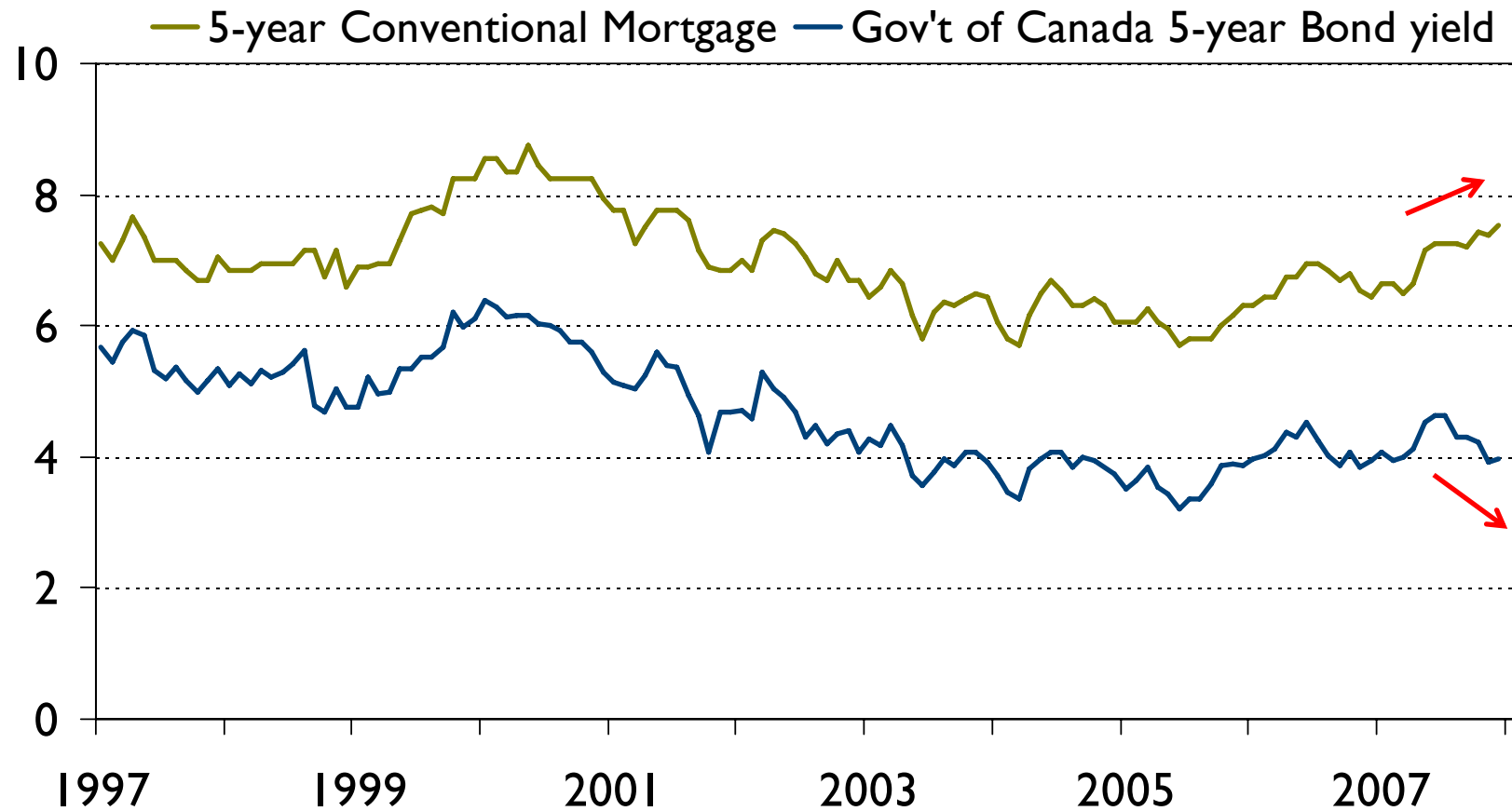
Posted 1- year and 5-year residential mortgage rates, %



Source: Bank of Canada, CMHC Forecast

# 5-year Mortgage Rate Tied to Bonds but....

## Spread Between Bonds and Mortgage Rate



# DRIVERS OF HOUSING DEMAND

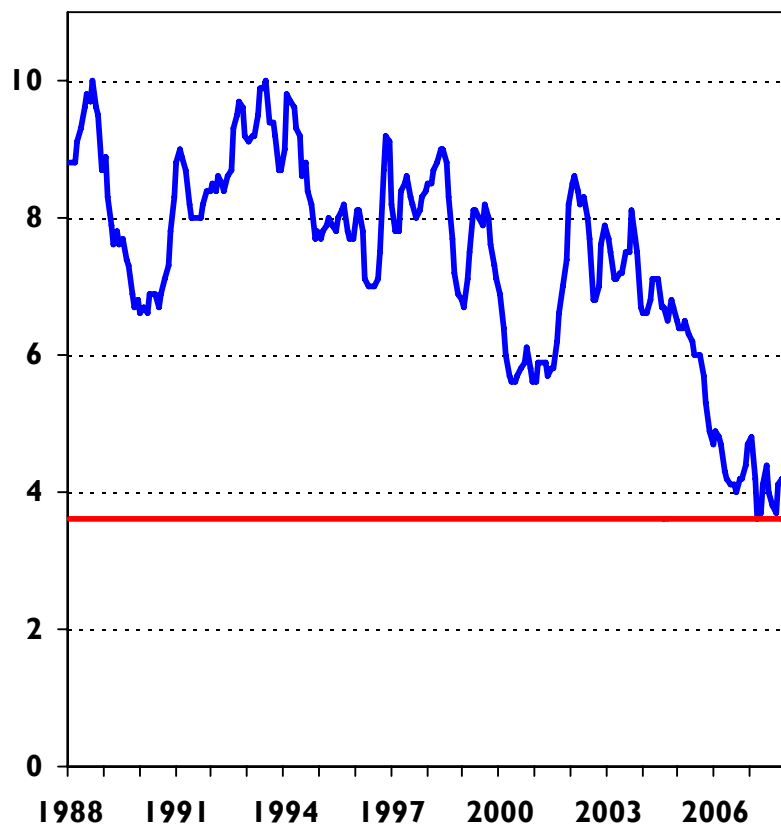
- Low Mortgage Rates
- Employment Growth



# Measures of Labour Market Tightness in Greater Vancouver

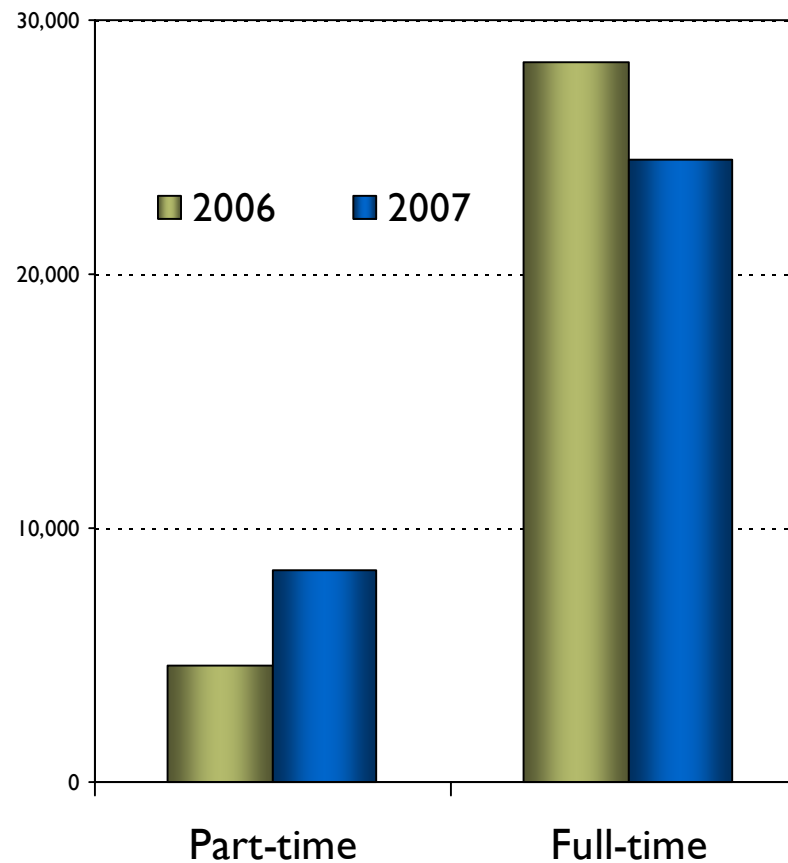
## Unemployment Rate

Percentage



## Employment Gains

Change in Employment

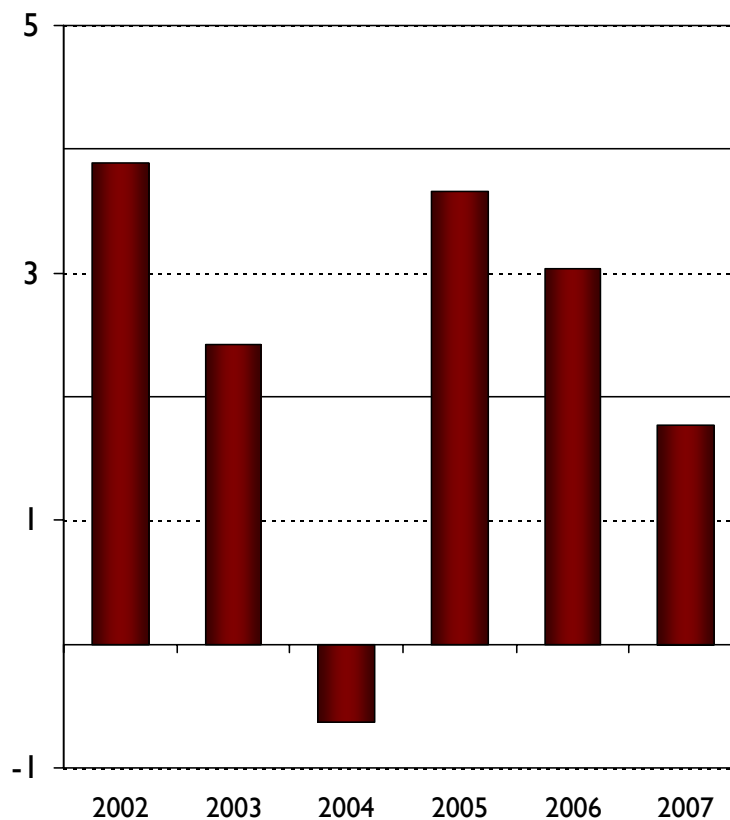


Source: Statistics Canada, Labour Force Survey

# Measures of Labour Market Tightness in Greater Vancouver

## Wage Gains

Year-over-year % change



Source: Statistics Canada, Labour Force Survey



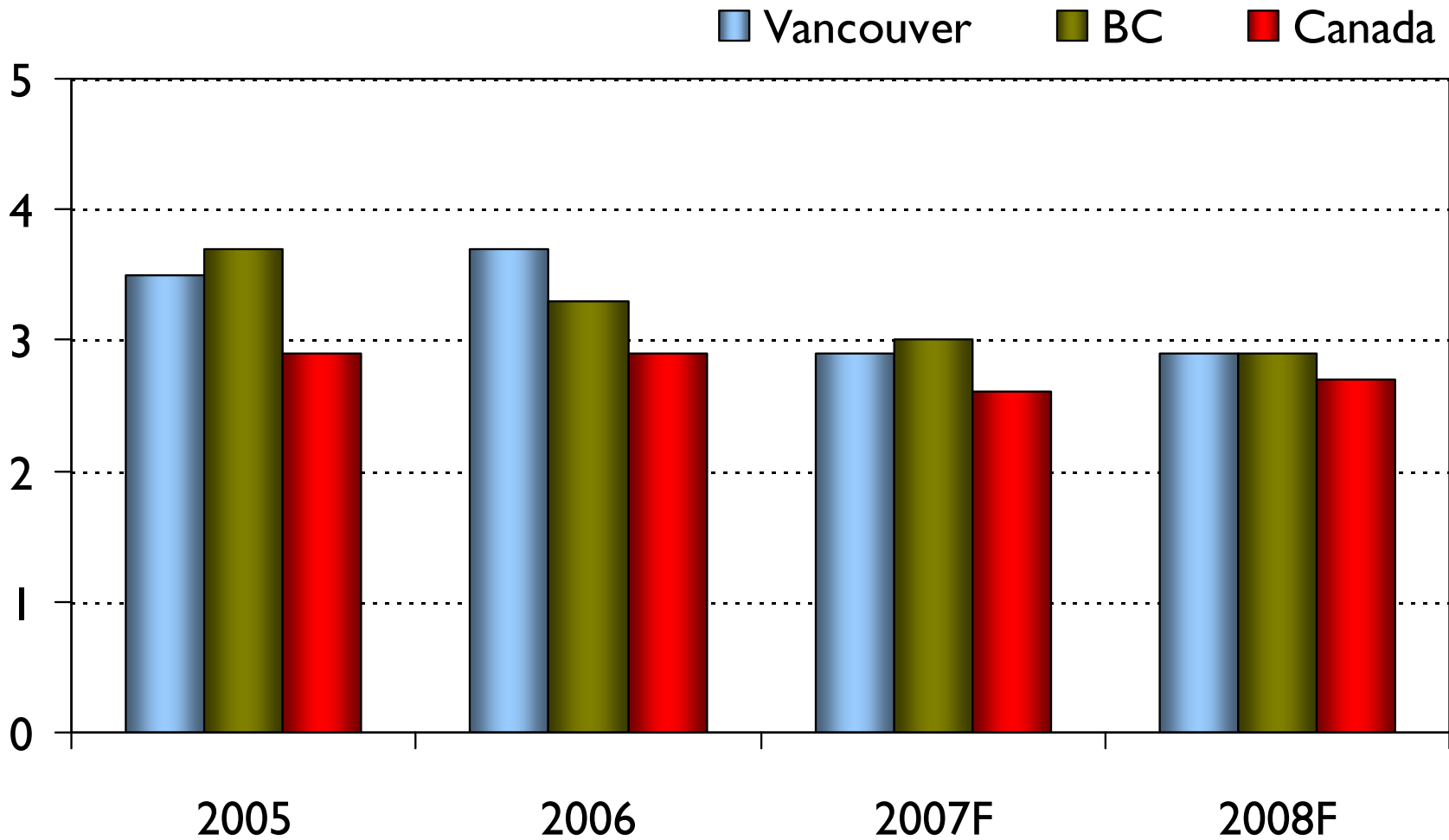
# DRIVERS OF HOUSING DEMAND

- Low Mortgage Rates
- Employment Growth
- Positive Migration
- Strong Consumer Confidence
- Economic Growth



# Growth Outpaces National Average

Annual growth in real GDP



Sources: Conference Board of Canada, Statistics Canada, CMHC forecast

# Demographics of Housing Demand



# Market Research Says...



**DINS** Dual Income No Sex



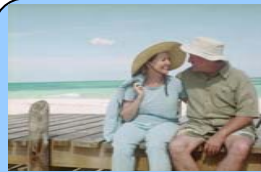
**Tired** Thirty Something Radically Educated Dropouts



**Fired** Fifty Something Radically Educated Dropouts



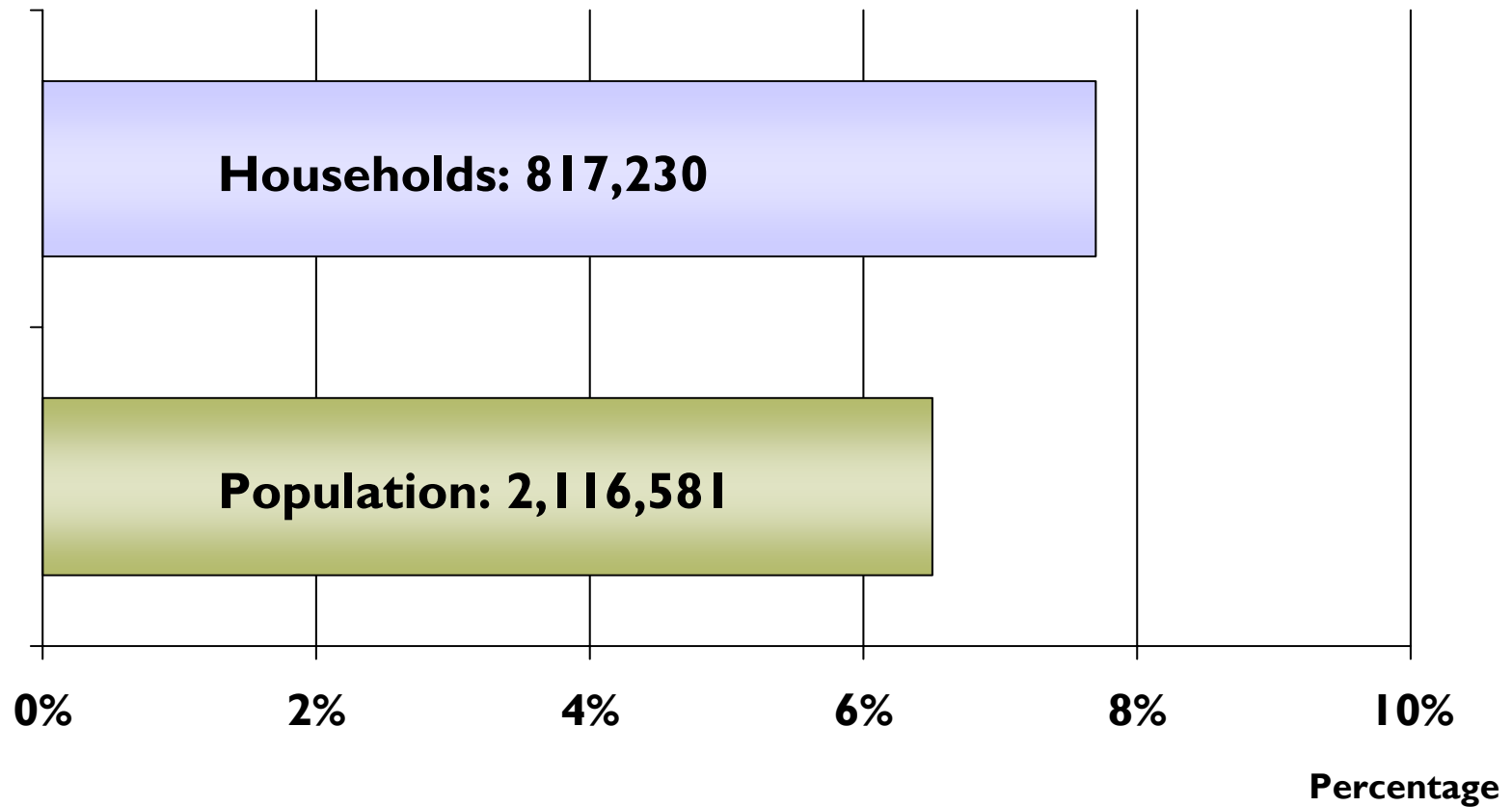
**VIEPS** Viagra Induced Excited People



**OPALS** Older People Active Lifestyle

# Census Data Between 2001 and 2006

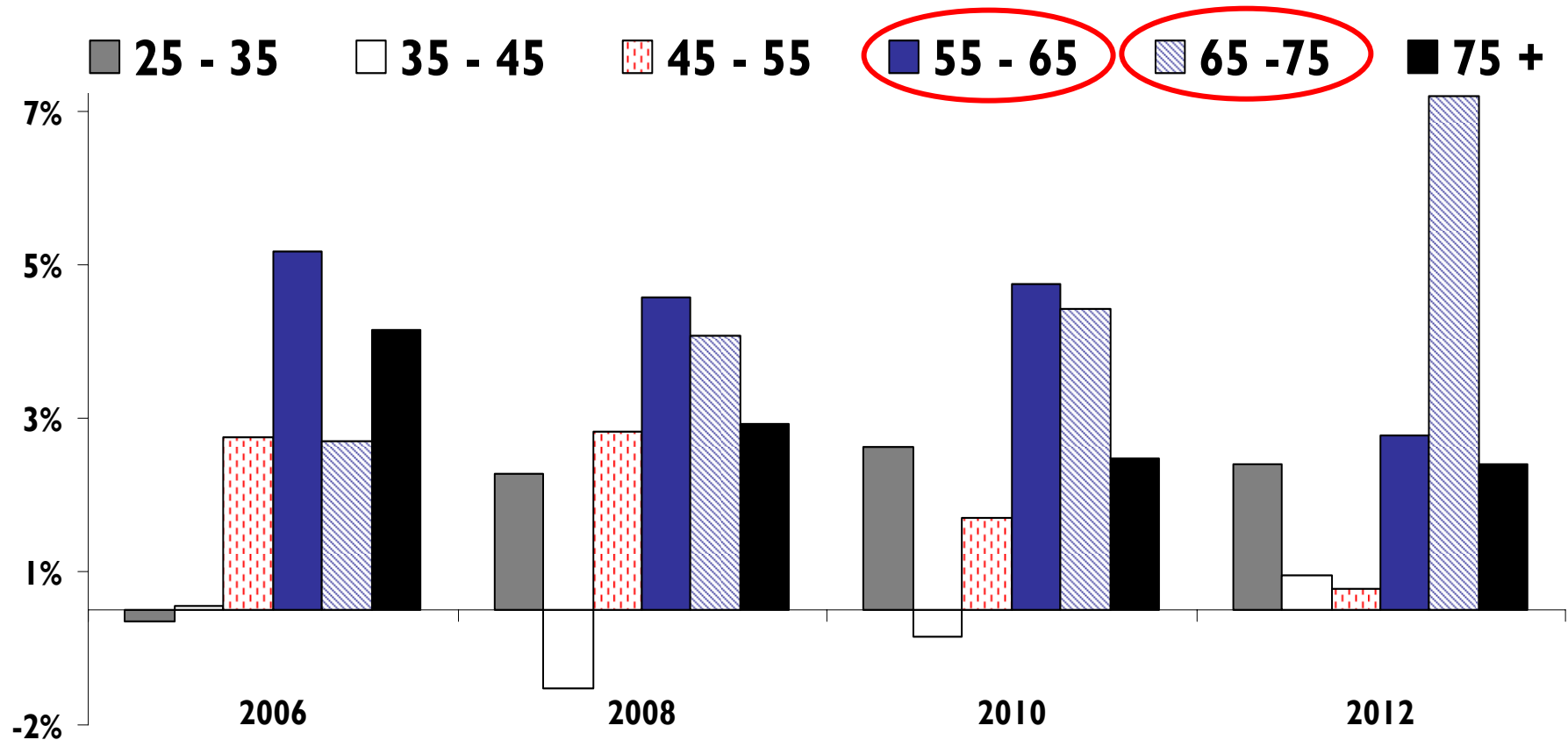
## Demographic Growth in Vancouver Census Metropolitan Area (CMA)



Source: Statistics Canada

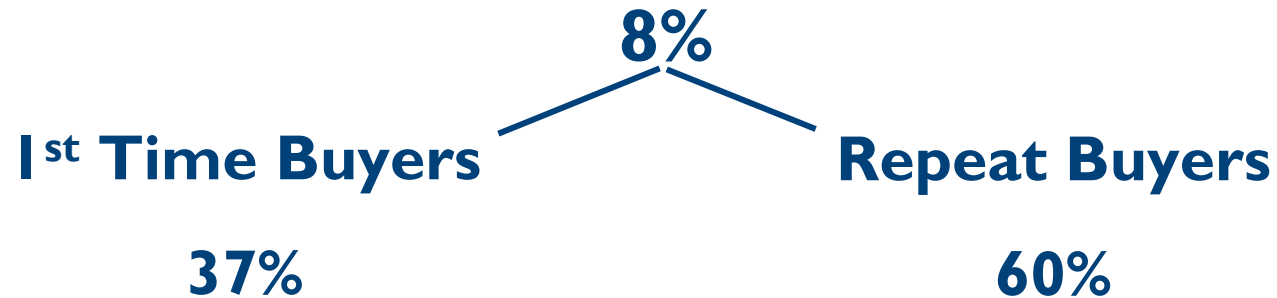
# GVRD Population **GROWTH** by Age Group

## Higher Growth in Older Adults



# Who's Buying?

## Vancouverites planning to buy



## % of Repeat Buyers who:

**Moved up 57%**

**Moved Over 10%**

**Downsized 35%**

# Resale Market Update

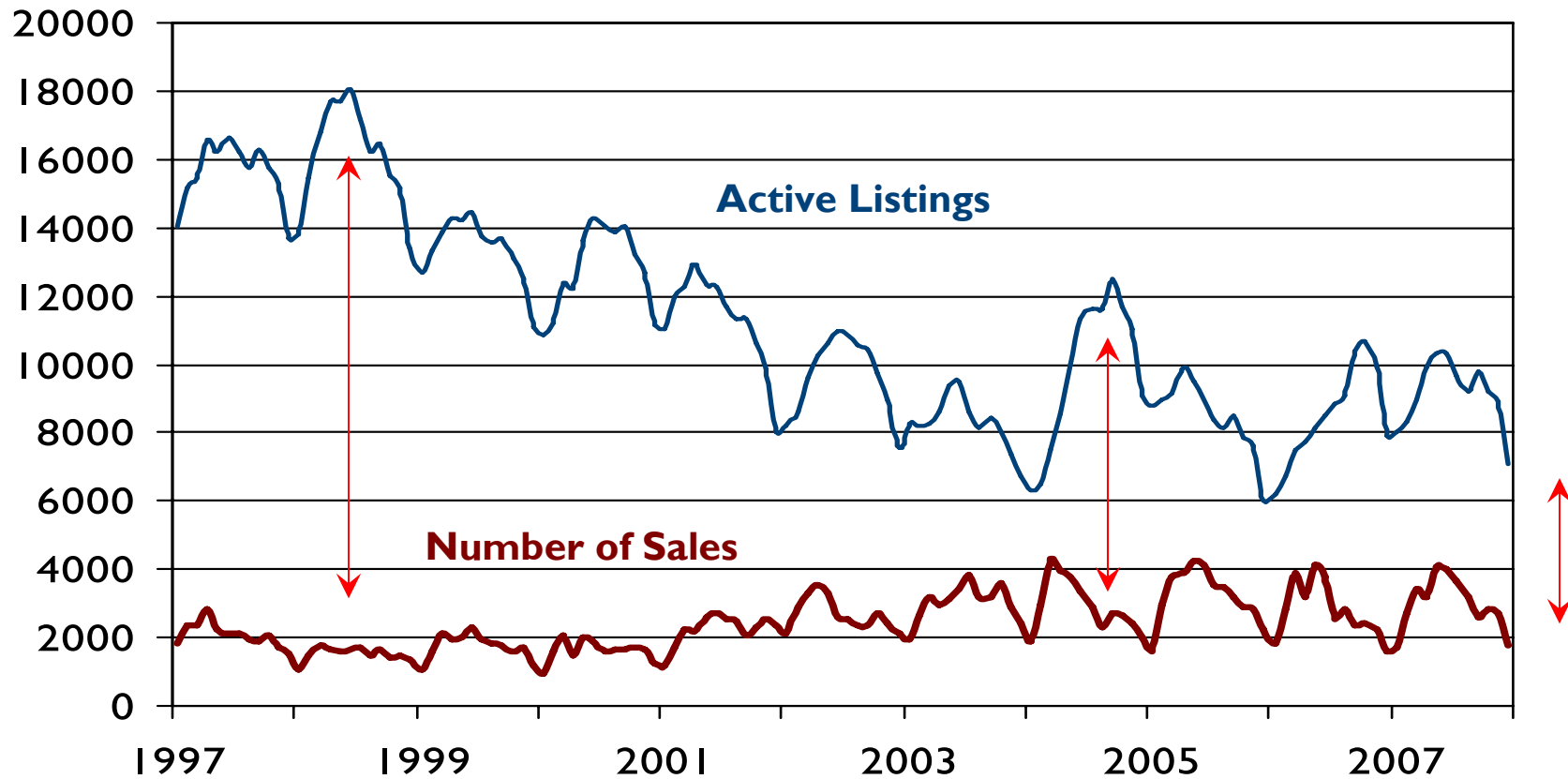




# Sales Activity in Greater Vancouver

## Lower Spread Between Active Listings and Sales

Units

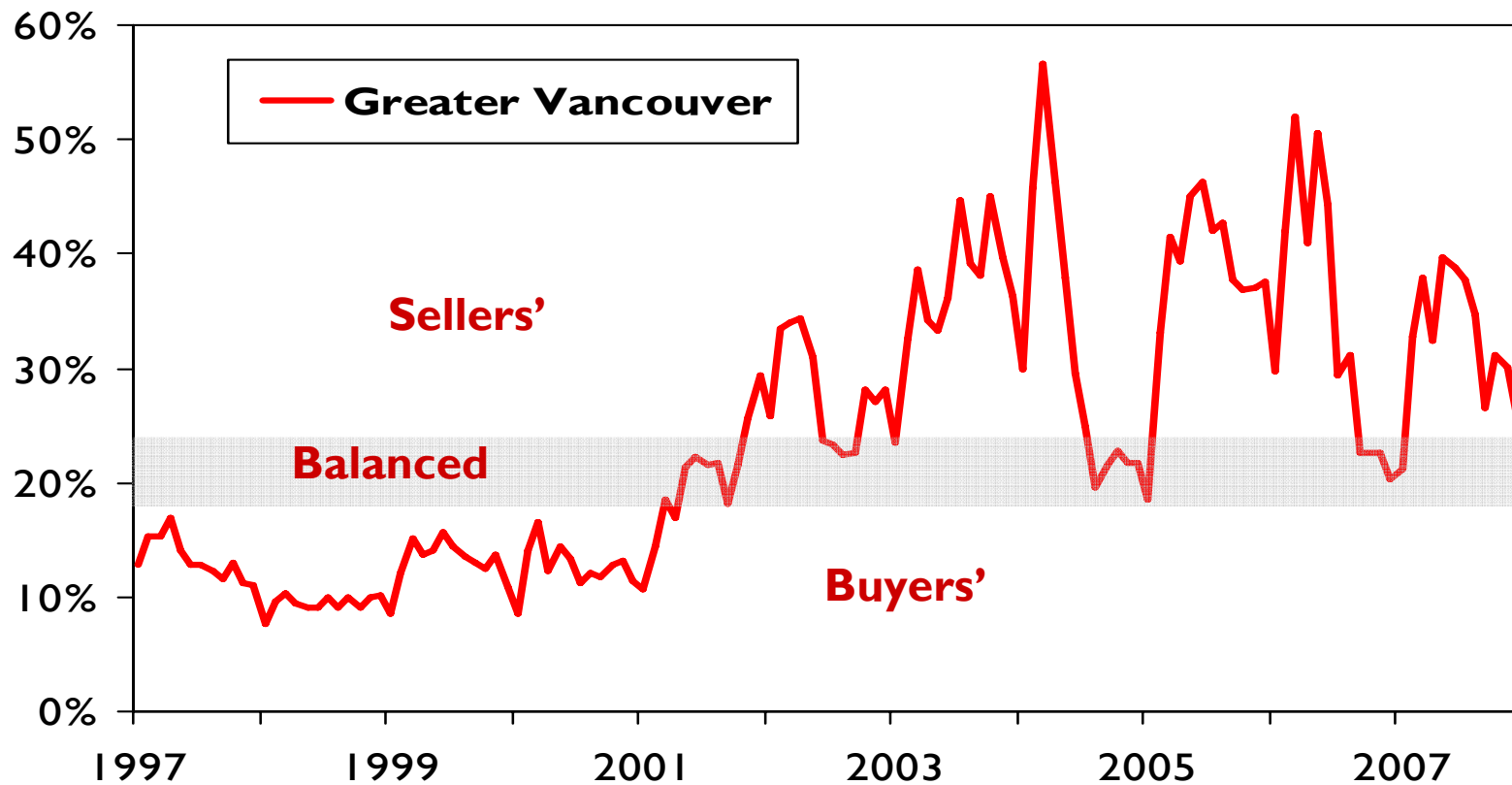


Source: Greater Vancouver Real Estate Board

# A Move to Balance?

## Sales to Active Listings Ratio

### % Active Listings Sold Each Month

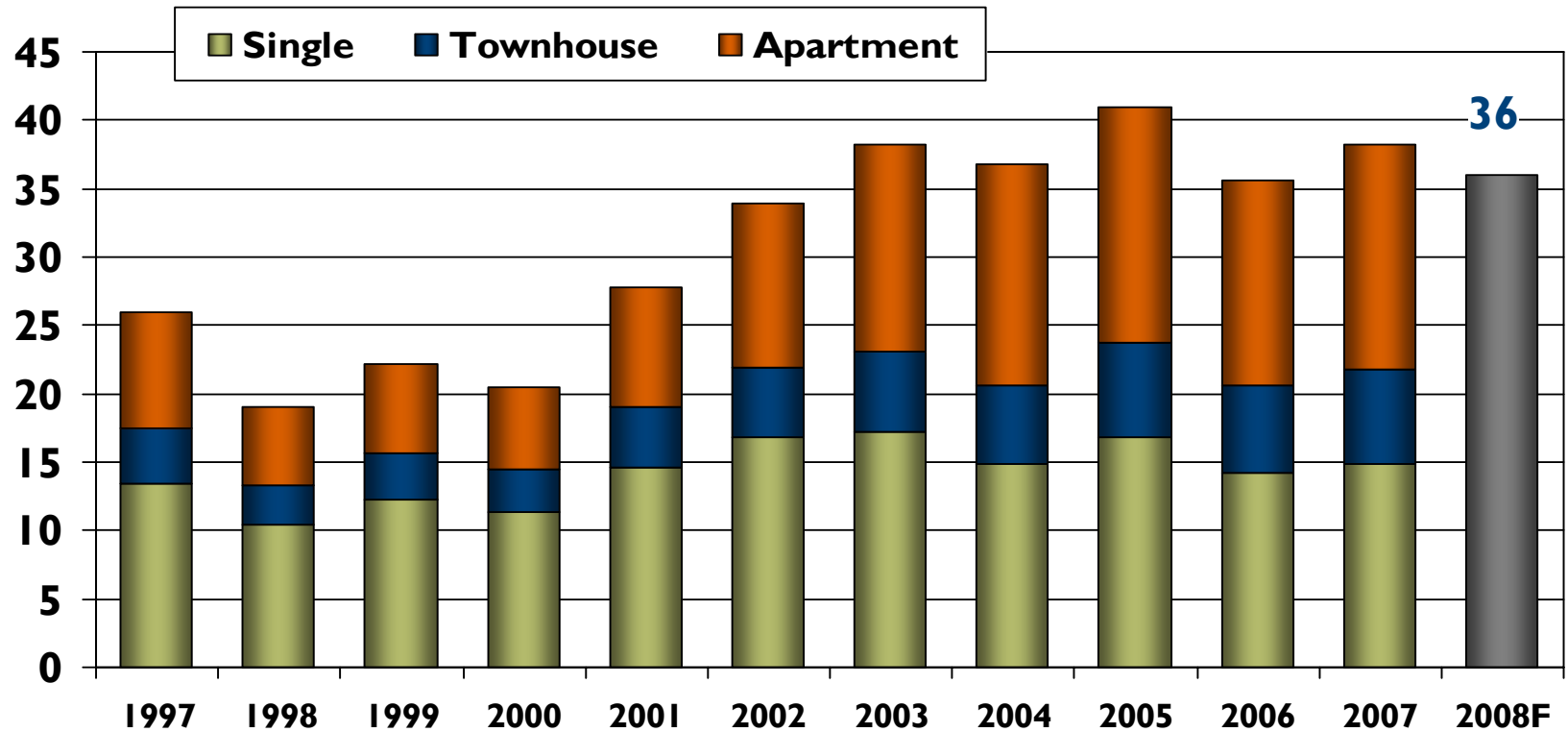


Source: Greater Vancouver Real Estate Board

# Resale Market Remains Active in Greater Vancouver

**Total Sales in 2007: 38,256**

## MLS® Sales, Greater Vancouver (000's)



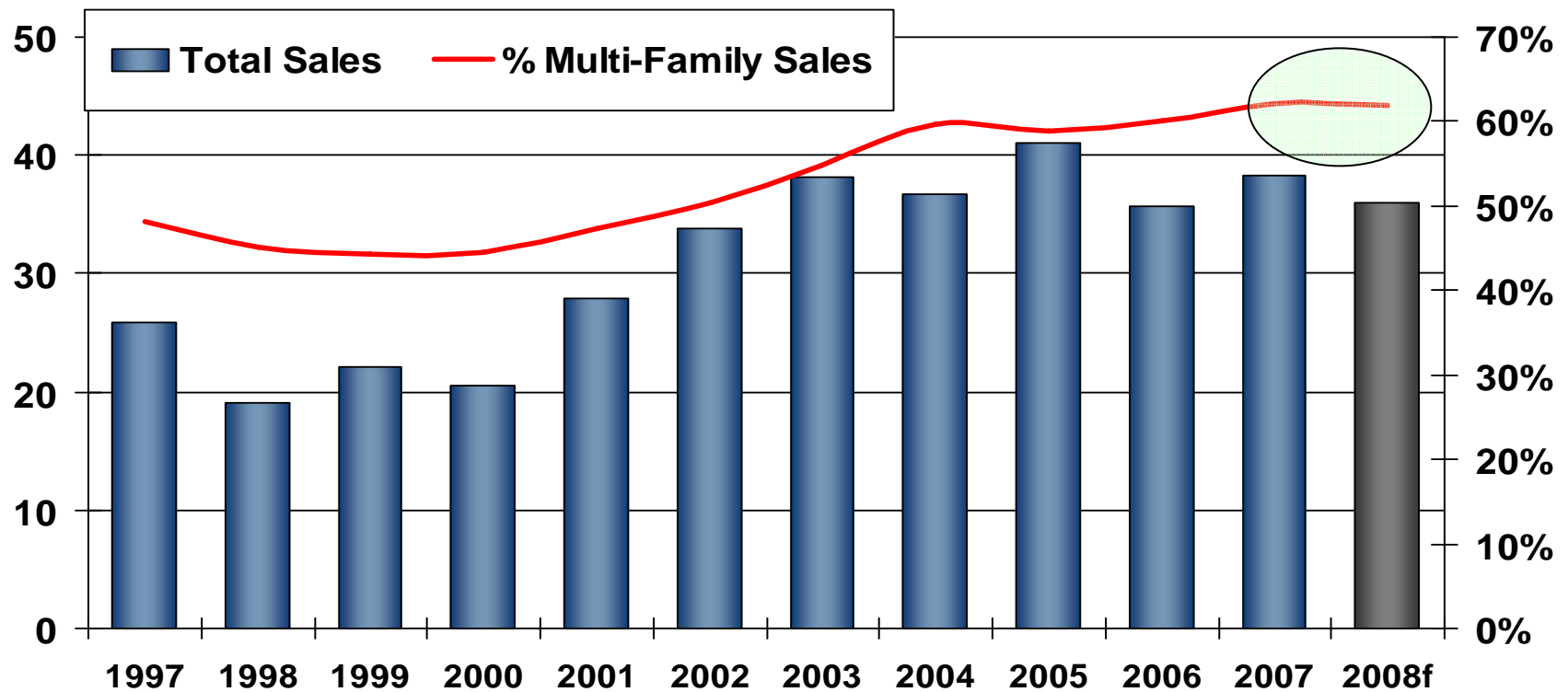
Source: Real Estate Board of Greater Vancouver (REBGV), CMHC Forecast

# Higher Sales Growth in Multiple Family

**Total Sales in 2007: 38,256**

**MLS® Sales, Greater Vancouver (000's)**

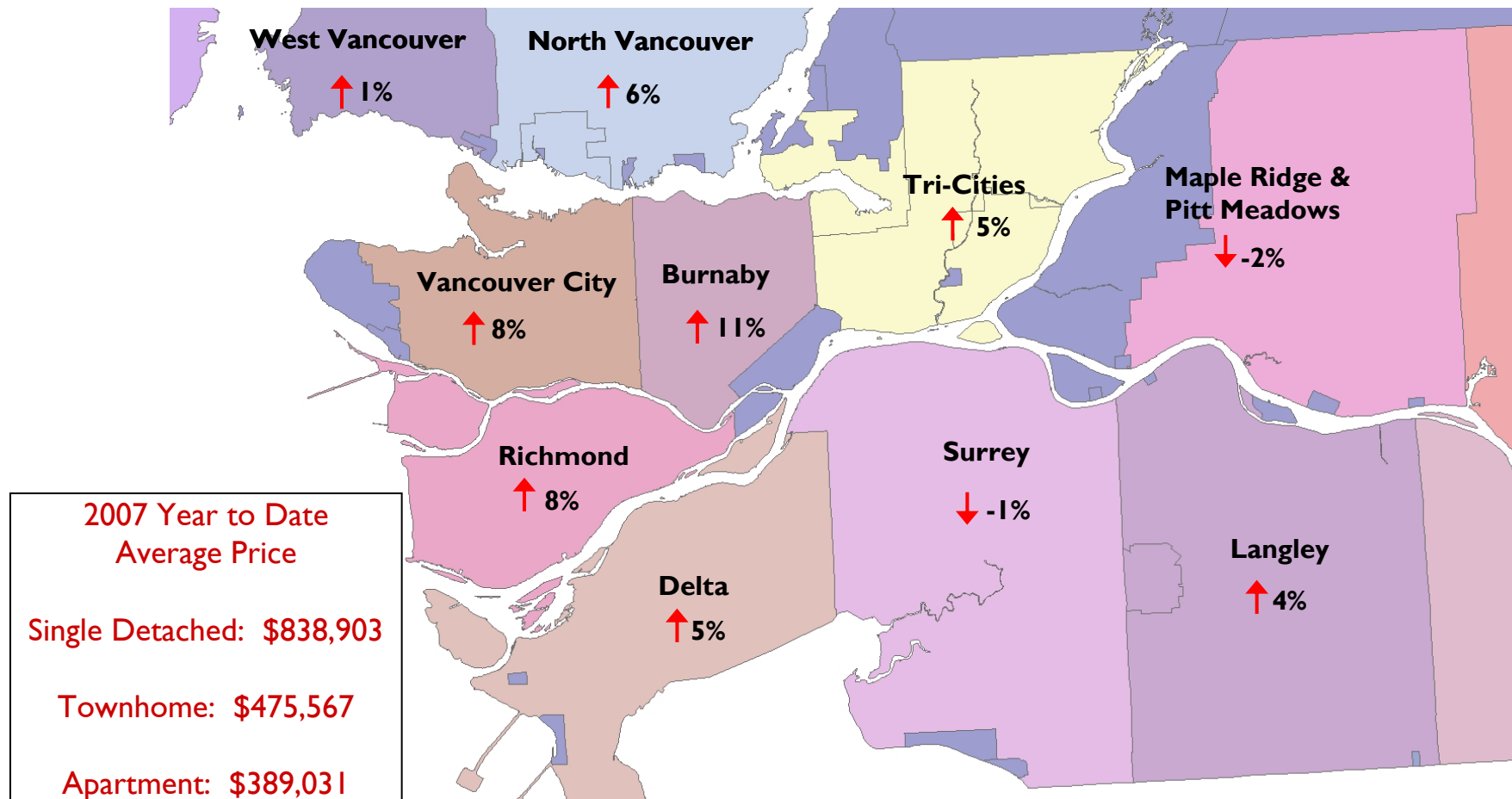
**Percentage**



Source: Real Estate Board of Greater Vancouver (REBGV), CMHC Forecast

# Sales On the Rise Near Vancouver Core

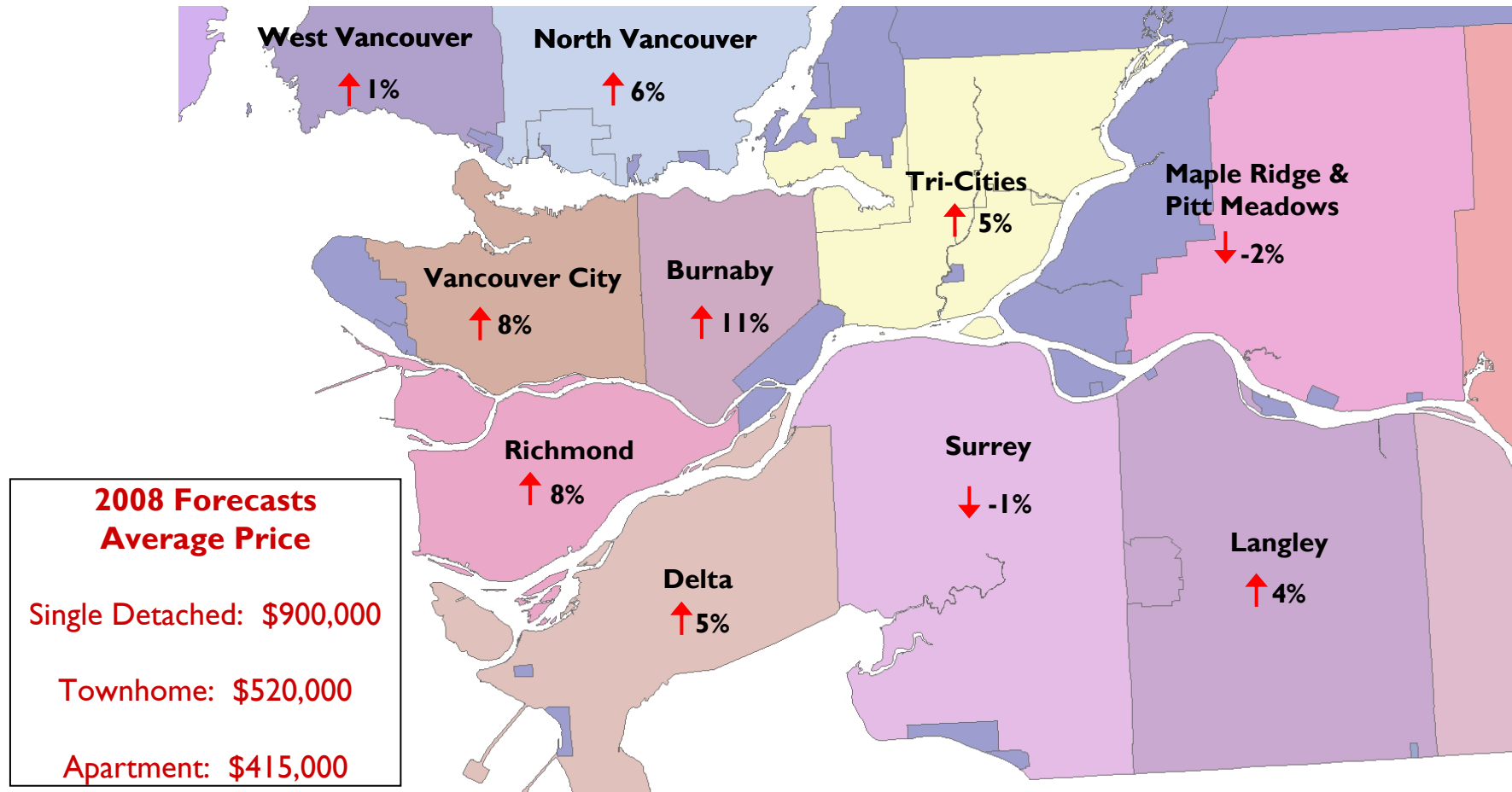
## 2007 Year over Year Comparison



Source: Real Estate Board of Greater Vancouver, Fraser Valley Real Estate Board

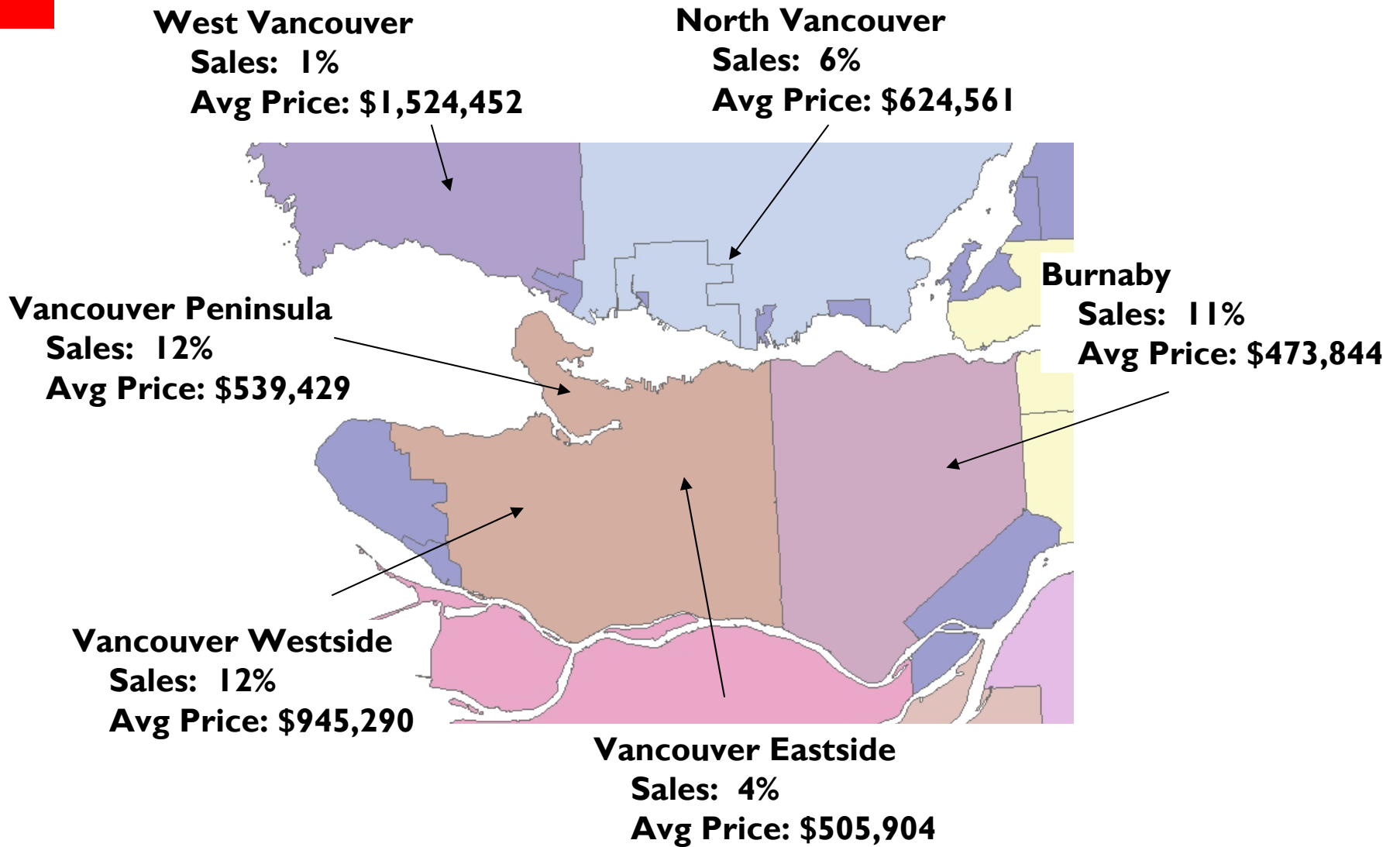
# Sales On the Rise Near Vancouver Core

## 2007 Year over Year Comparison



Source: Real Estate Board of Greater Vancouver, Fraser Valley Real Estate Board

# Sales Activity Around Burrard Inlet in 2007

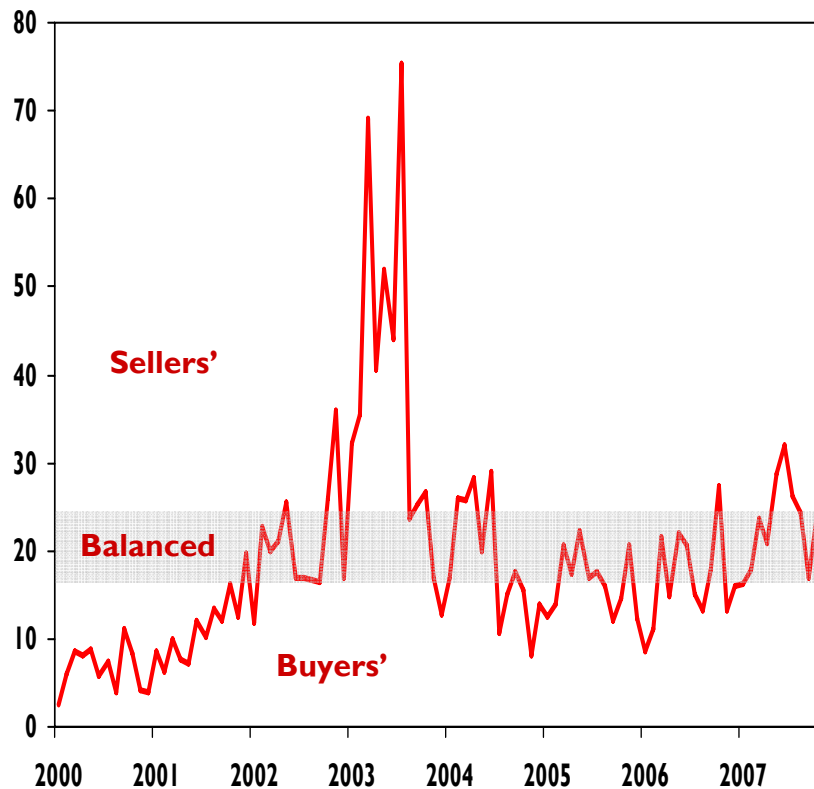


Source: Real Estate Board of Greater Vancouver

# Balance Market in Squamish

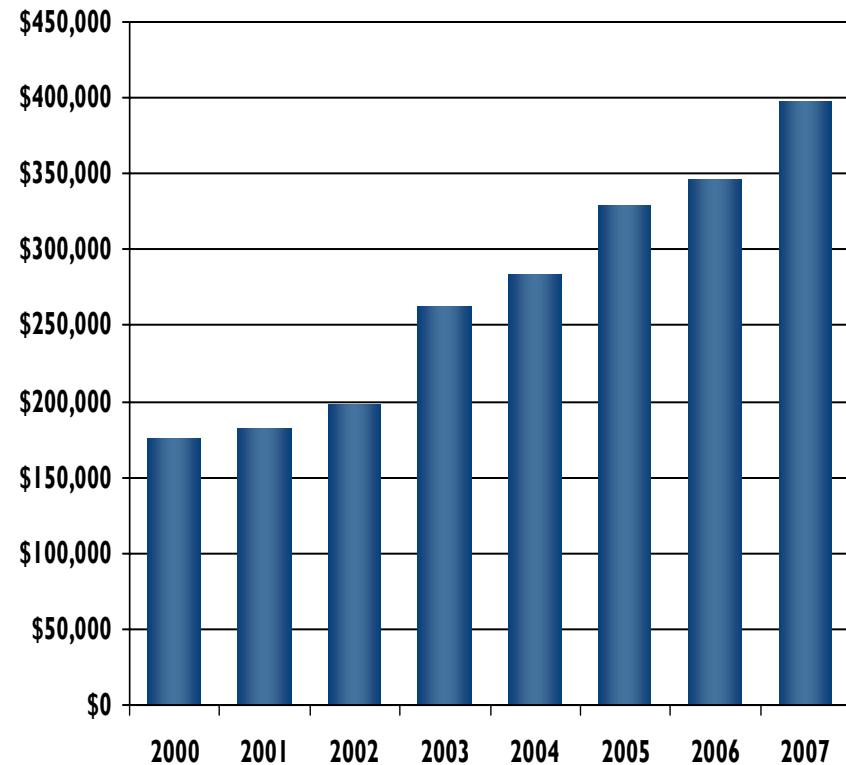
## Sales to Active Listings Ratio

% Percentage



## Average Price

Price ('000)



Source: Greater Vancouver Real Estate Board, Powell River and Sunshine Coast Real Estate Board

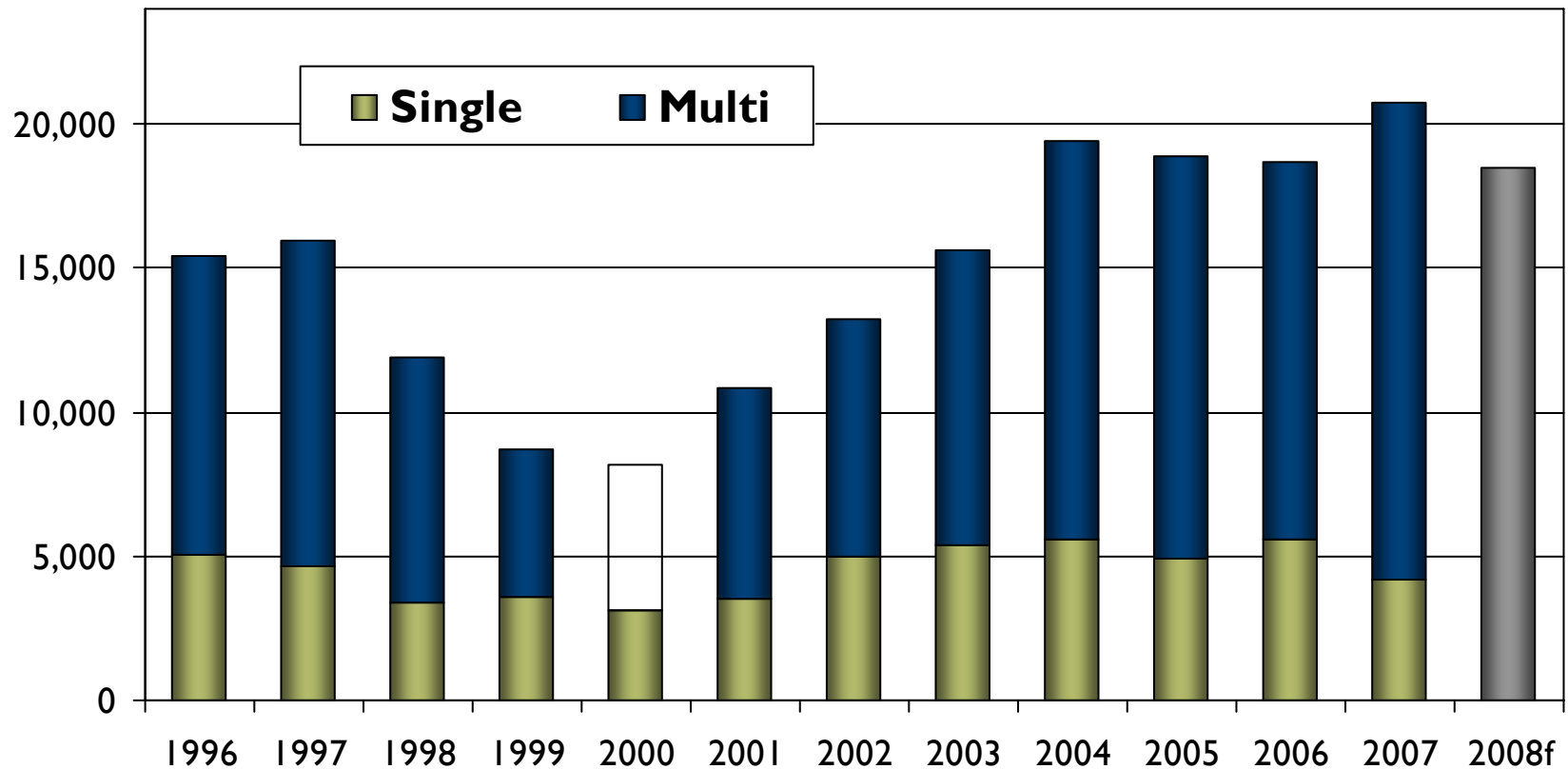


# New Home Construction



# High Housing Starts in Greater Vancouver

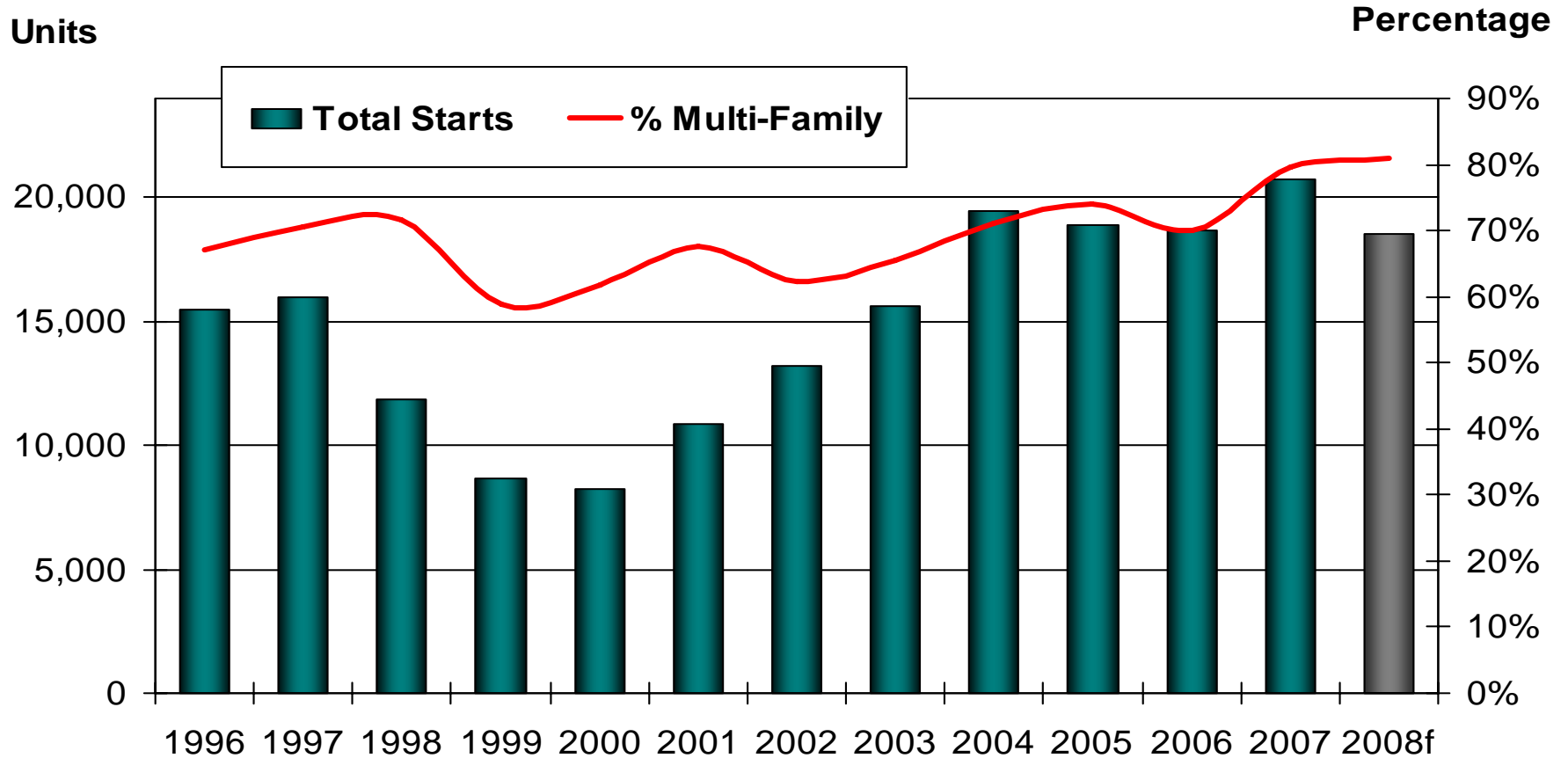
**Total Housing Starts for 2007: 20,736**



Source: CMHCS Starts and Completion Survey

# High Housing Starts in Greater Vancouver

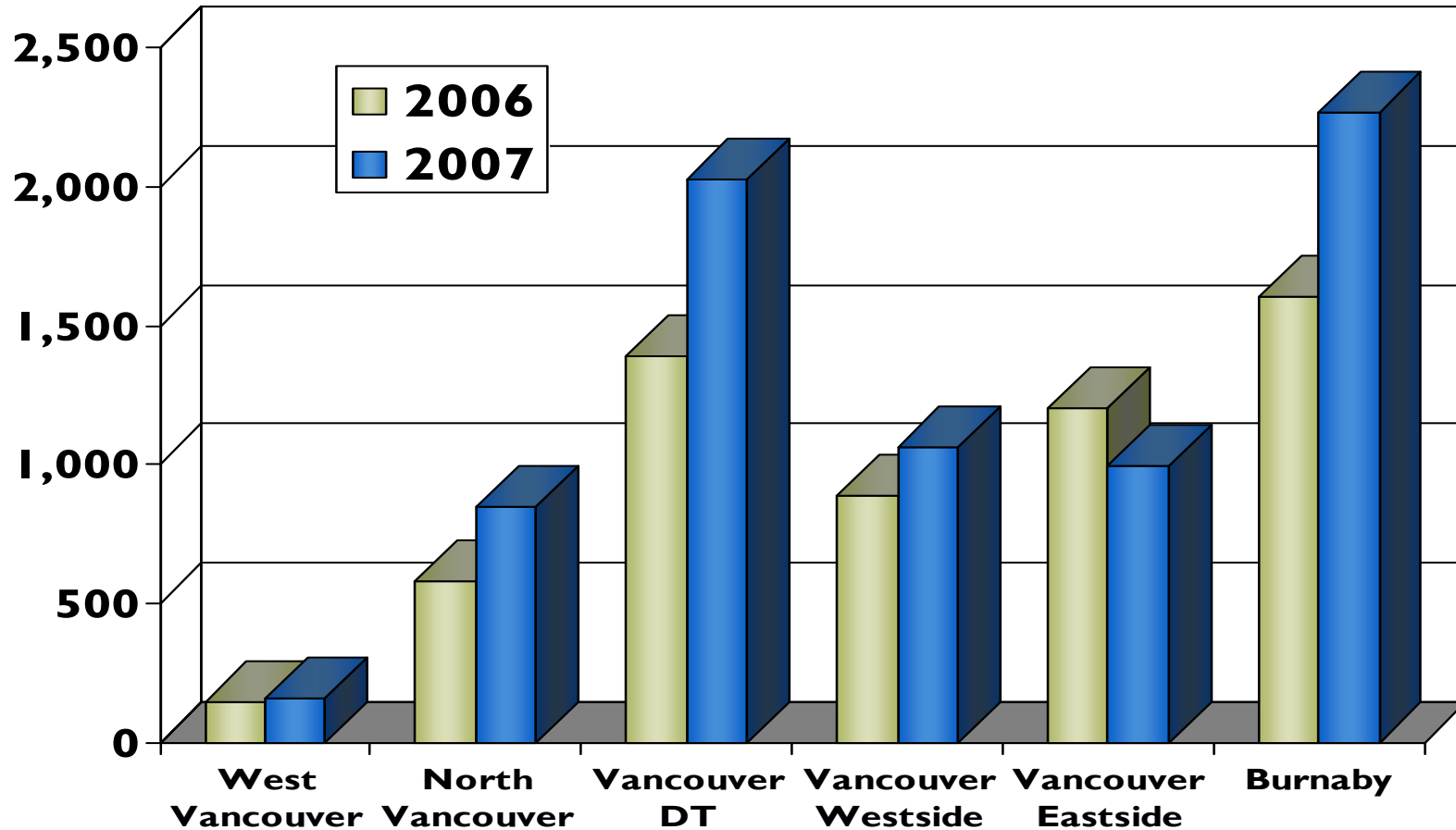
## Heavier Influence on Multiple Family Developments



Source: CMHCS Starts and Completion Survey

# Starts Outpacing Last Year's Levels

## Majority of Starts are Multiple Family Projects

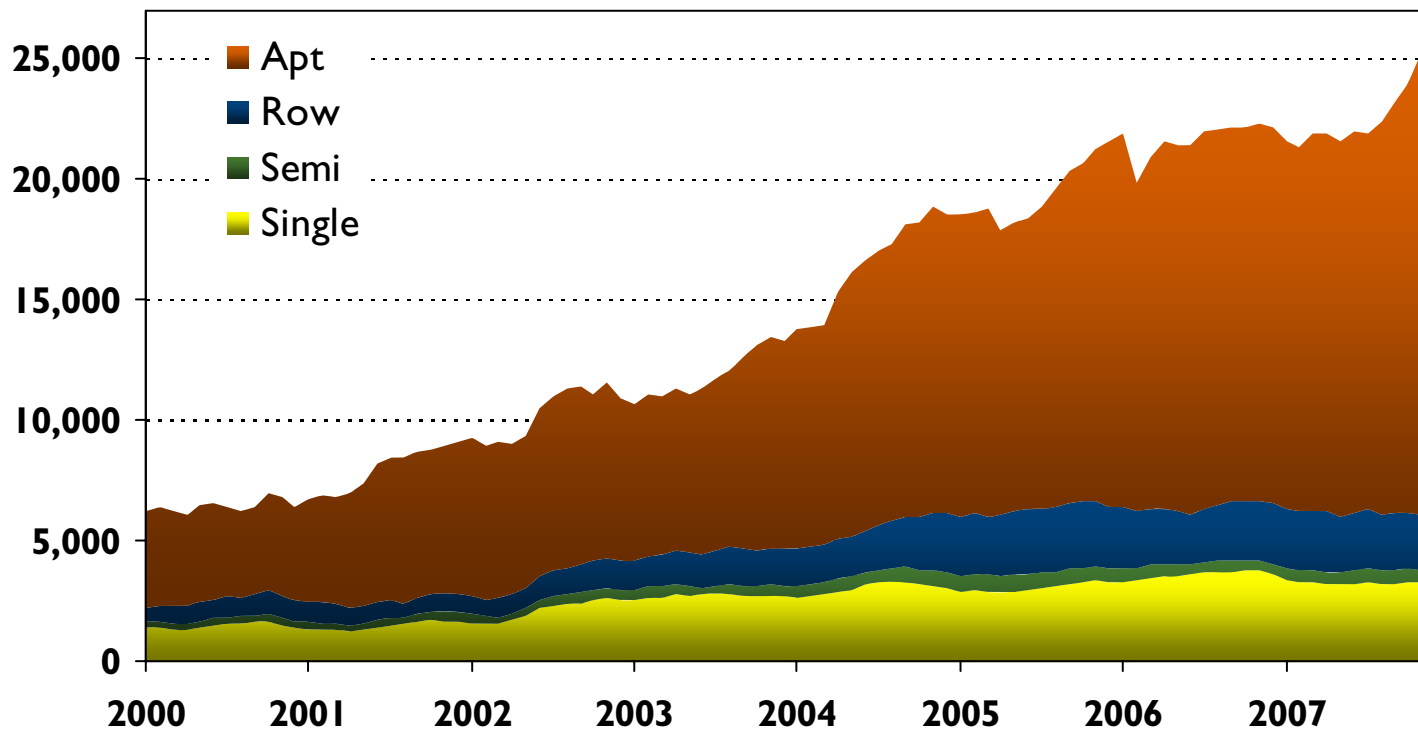


Source: CMHC Stats and Completions Survey

# Under Construction in Greater Vancouver

## Dominance of Apartment Construction

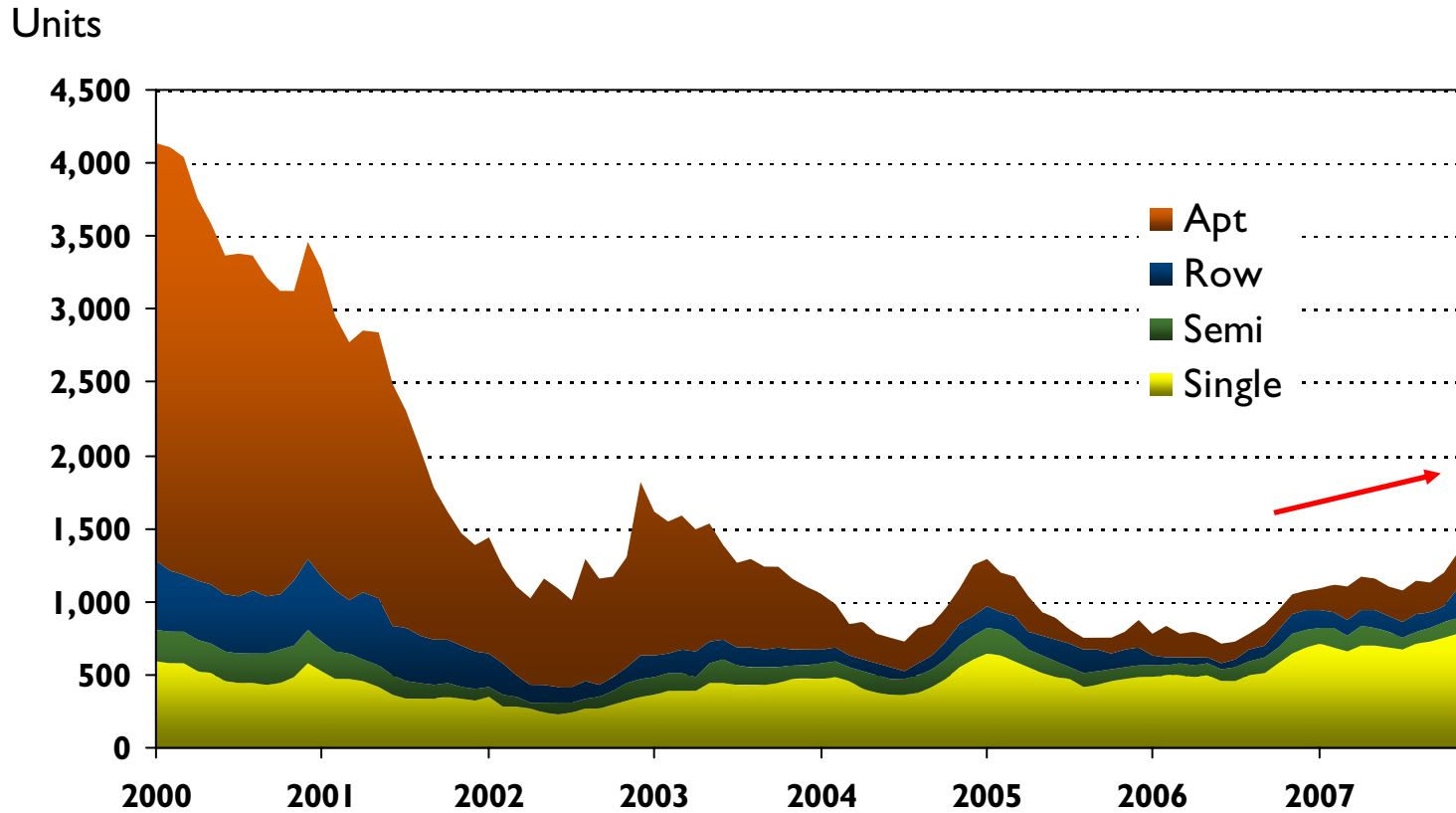
Units



Source: CMHC Starts and Completion Survey

# New Completed and Unabsorbed Units

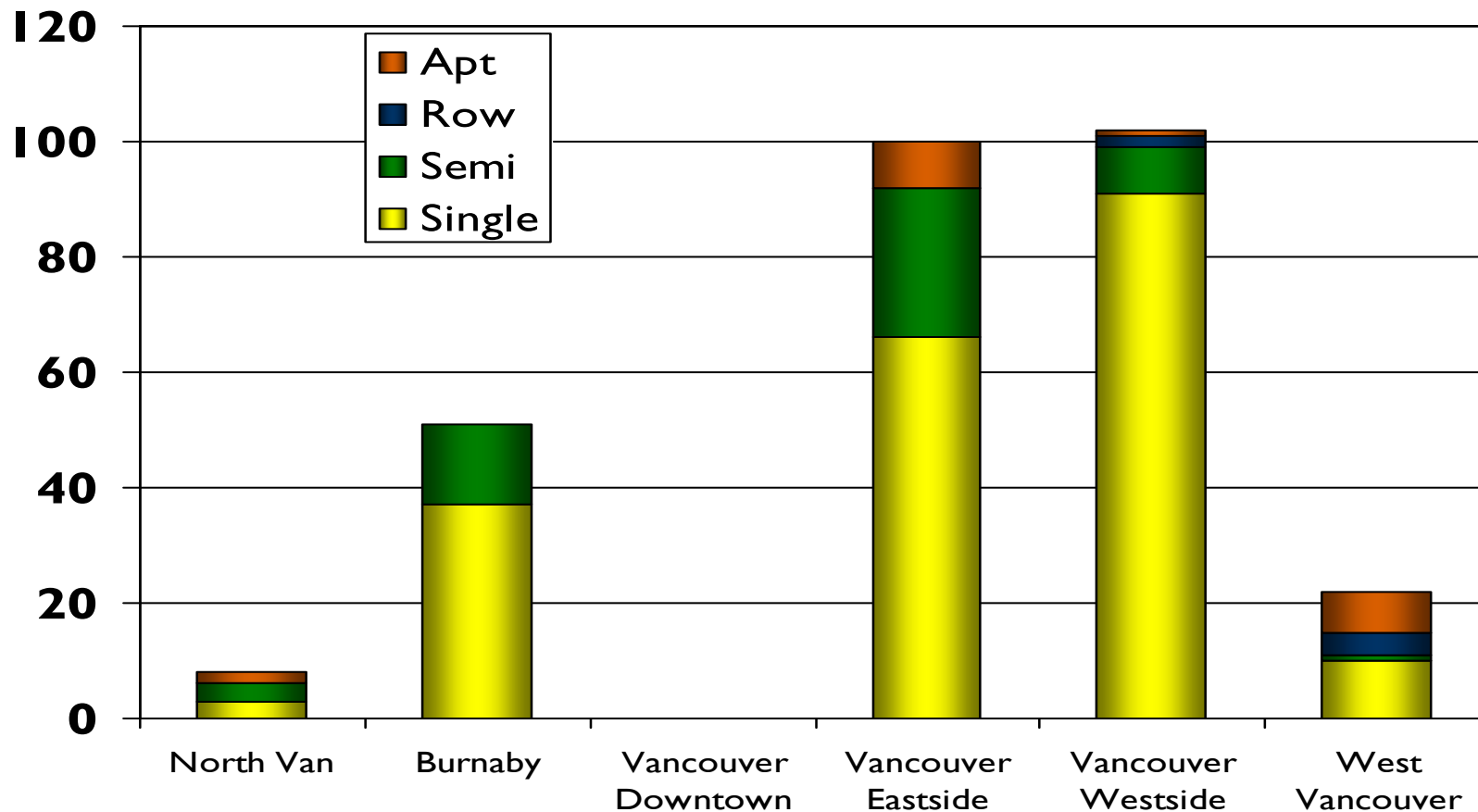
## Strong Pre-sales on New Developments



Source: CMHC Starts and Completion Survey

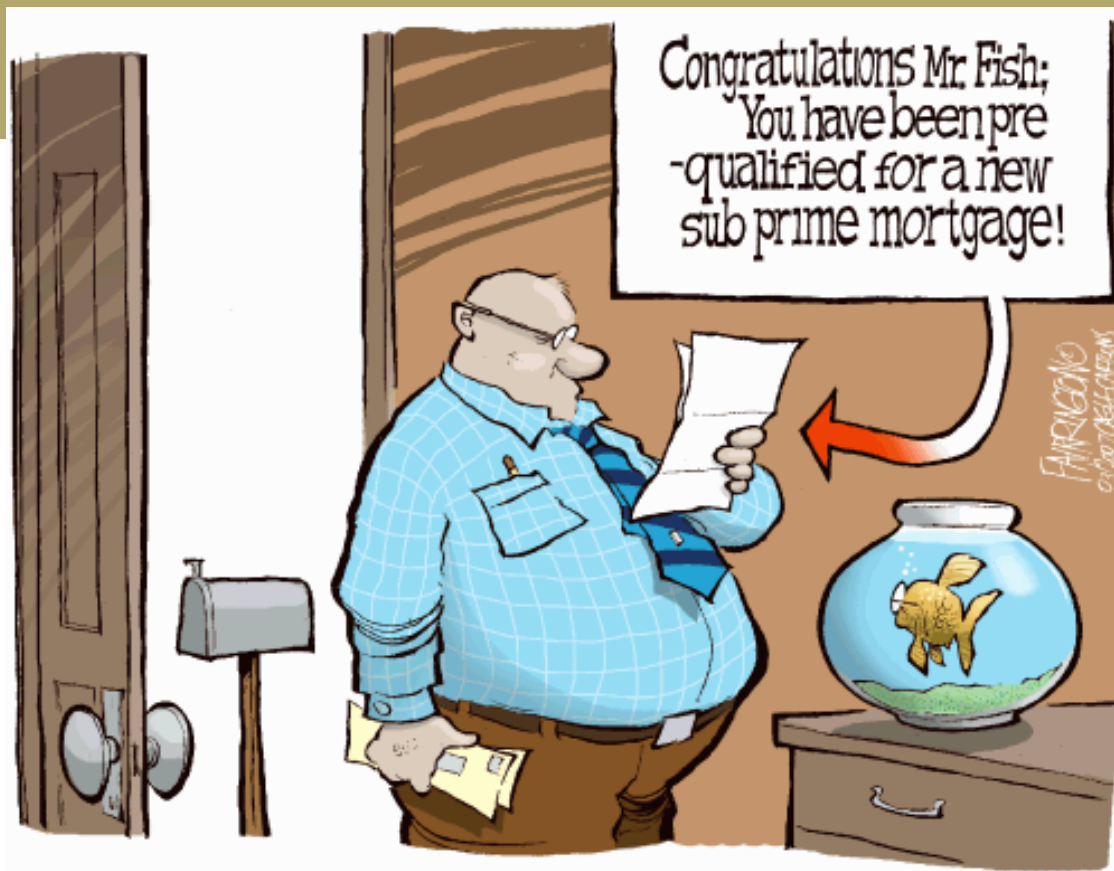
# Completed and Unabsorbed Units

## New Product Available Mostly Single Detached



Source: CMHC Stats and Completions Survey

# Subprime: US and Canada





# The Differences Between the U.S. and Canada



# The Differences Between the U.S. and Canada

- **Smaller Sub-prime Market in Canada**

Less than 5% of Canadian outstanding mortgages are sub-prime; **U.S.: 20%**



# The Differences Between the U.S. and Canada

- Smaller Sub-prime Market in Canada
- Low Default Rate in Canada

The overall arrears rate in Canada: <0.5%

U.S.: 13.3% on Subprime loans



# The Differences Between the U.S. and Canada

- Smaller Sub-prime Market in Canada
- Low Default Rate in Canada
- No Adjustable Rate Mortgages (ARM)

# The Differences Between the U.S. and Canada

- Smaller Sub-prime Market in Canada
- Low Default Rate in Canada
- No Adjustable Rate Mortgages (ARM)
- Consumers are More Prudent

Canadian personal saving rate: 1.8%

U.S.: -1.4%



# The Differences Between the U.S. and Canada

- Smaller Sub-prime Market in Canada
- Low Default Rate in Canada
- No Adjustable Rate Mortgages (ARM)
- Consumers are More Prudent
- Low Speculative Activity

# Is the Market Sustainable?

- **Market fundamentals strong, demand stable**
- **Sales to moderate, price growth to slow**
- **New construction stable, at historically high level**



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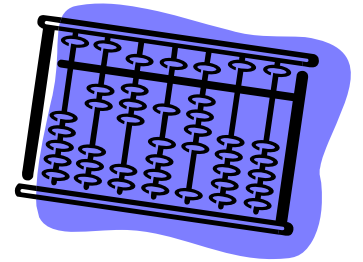
# THANK YOU!

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